



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

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Olene S. Walker
Governor
Kevin S. Carter
Director

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RECEIVED

MAY 26 2004

DIV OF OIL GAS & MINING

May 25, 2004

CERTIFIED MAIL NO. 7160 3901 9842 1746 8154
NOTICE OF BREACH OF LEASE AGREEMENT AND RECLAMATION REQUIRED

Sunray Mineral Products, Inc.
4986 Spanish Valley Drive
Moab, UT 84532

RE: ML 44815-Clay
Time CD #9010455
DOGM Permit #S/055/001

Dear Lessee:

On May 21, 2004, the Director cancelled the above numbered Clay mineral lease upon Utah trust lands for failure of the Lessee to pay the annual rentals and minimum royalties required by the terms and conditions of the lease.

Lessee no longer has any rights to enter the leased lands for purposes of extraction mining but is obligated to immediately reclaim all mined land disturbances made upon the leased lands during the active term of the lease. Within thirty (30) days from date of this letter Lessee must reclaim said mining disturbances by filling and regrading to natural contour all cuts, pits and trenches dug upon the leased lands by Lessee or by Lessee's agents or operators. Please contact me when the required reclamation work is completed.

Failure of Lessee to act within the designated 30-day period of time may result in forfeiture of Lessee's reclamation bond, Time CD #9010455 (First Security Bank Acct. #0459999010455) to the trust. Please contact me if you have any questions in this matter.

Sincerely,

John T. Blake
Mineral Resources Specialist

CC: DOGM

Utah!

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